USING CDBG FUNDS FOR ECONOMIC DEVELOPMENT ACTIVITIES: THE PROCESS STEP 1: IDENTIFY SOURCES STEP 3: STEP 4: STEP 5: IMPLEMENT STEP 2: SECURE FUNDS DETERMINE IF ACTIVITY WILL MEET A NATIONAL OBJECTIVE DETERMINE ELIGIBILITY OF ACTIVITY & MONITOR PROJECT & USES OF FUNDS Identify AREA BENEFIT OTHER ELIGIBLE ACTIVITIES uses of Activity will benefit an area funds (Not often related to economic development) where 51% or more of Execute (project budget) residents are LMI drawdown Pre-application PLANNING of funds Planning Benefit to and low & COMMERCIAL REHAB JOB CREATION Organizing Separate moderate (Exterior and code compliance) Permanent jobs will be project income created, of which 51% or into persons component more are either "available PUBLIC SERVICES activities Survey Does to"3 or "held by" the activity potential LMI persons. meet a national sources of Finalize & PUBLIC FACILITIES Commence objective funds submit CDBG program & JOB RETENTION application project MICRO-ENTERPRISE Permanent jobs will be (Identifying amoun operations DEVELOPMENT retained, of which 51% and best use of or more are "held by" CDBG and other ACTIVITIES BY CBDOs the activity unding sources. LMI persons.4 eligible SPECIAL ECONOMIC DEVELOPMENT Identify LIMITED CLIENTELE and Establish quantify 51% of the direct operational financial Grantee beneficiaries will be LMI FINANCIAL UNDERWRITING & gaps monitors persons (not applicable financial subrecipient to all activities)5 1. Project costs are reasonable. controls 2. Other funding sources are committed. Seek other 3. CDBG funds are not substituting for private funds. Yes sources of funds 4. Project is financially feasible. Eliminate/ 5. CDBG funds will be disbursed on pro rata basis with Explore Grantee prevent CDBG? other funds. prepares Subrecipient slum or Consolidated prepares blight Plan regular, required PUBLIC BENEFIT STANDARDS 2 performance reports OR Individual: Individual: No Execute 1 LMI person 1 FTE job subrecipient per \$50,000 per \$1,000 Urgent agreement ommunity necd Aggregate: Aggregate: Grantee appropriate 1 FTE job LMI person transmits per \$350 per \$35,000 performance report (GPR) to HUD

 Other eligible activities include: Acquisition, disposition, clearance, non-federal share, relocation, loss of rental income, architectural barriers, utilities, housing rehab., code enforcement, historic rehab., administration, technical assistance, housing services, lead paint, higher education, tax foreclosed housing, home ownership, and special activities.

No

Seek other

sources of funds

> 2. Activities qualifying under certain categories must meet public benefit standard (e.g., Special Economic Development (SED), Activities by CBDOs that would otherwise qualify under SED, public improvements where < 1 job is created per \$10,000 of CDBG)

3. To be considered "available to" LMI persons, jobs should not require more than 12 months training beyond High school, and LMI persons must be given first consideration for filling jobs. 4. Jobs retained must be held by LMI persons at the time of the assistance, or be expected to turnover to LMI persons within two years.

 The following are excluded: housing development, activities which benefit all the residents of an area, and activities in which the benefit is job creation or retention.

OKM Associates, Inc. and FinePoint Associates, LLC Modified 2010

NOTE: Projects using CDBG must meet Davis-Bacon wage standards, environmental regulations and historic preservation requirements.